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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/812,703	03/19/2001	Terrance Moore	24996	9723

7590 08/10/2005

Jeffrey S Whittle
Bracewell & Patterson LLP
711 Louisiana Street
Suite 2900
Houston, TX 77002-2781

EXAMINER

FRENEL, VANEL

ART UNIT	PAPER NUMBER
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3626

DATE MAILED: 08/10/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/812,703

Applicant(s)

MOORE ET AL.

Examiner

Vanel Frenel

Art Unit

3626

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 28 February 2005.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-20 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-20 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____

DETAILED ACTION

Continued Examination Under 37 CFR 1.114

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 02/28/05 has been entered.

Notice to Applicant

2. This communication is in response to the RCE filed on 02/28/05. Claims 1, 8, 13, 14 and 20 have been amended. Claims 1-20 are pending

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Javors (US 2002/0152097), Kathryn P. Glass (Incentive-Based Physician Compensation Models, July 1999), Khorasani et al (6,029,138) in view of Dang (6,370,511).

(A) As per claim 1, Javors discloses a method of collecting fees for managing and optimizing the profitability of a plurality of physicians in a healthcare practice participating in an insurance network (See Javors, Abstract, lines 1-16; Page 1, Paragraph 0014-0016), the method comprising the steps of:

funding an incentive pool (See Javors, Pages 10, Paragraphs 0168-0176); paying funds from the funded incentive pool to the healthcare practice participating in the insurance network when the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a preselected period of time (See Glass, Pages 42-44, Paragraphs 47-52 and table on page 43). The Examiner considers General Surgeons' base salary to be paid annually (read on "preselected period of time"); see paragraph 50 of Glass. In addition, bonuses and incentives are credited to surgeons on an annual basis where there are positive differences, whereas negative differences would result in either a payback or future reduction in the physician's compensation (See Paragraph 47 of Glass). It is respectfully submitted that a positive difference is a form of costs not decreased to a preselected level, and when considered annually, over a preselected period of time.

One of ordinary skill in the art at the time of the invention would have found it an obvious modification to the combined teachings of Javors and Glass with the motivation of aligning incentives with the goals of a healthcare practice and encouraging others to adopt new behaviors consistent with the group's strategic goals (See Paragraph 46 of Glass).

establishing a relationship between a healthcare consultation group and the healthcare practice participating in the insurance network to increase the plurality of physicians' profitability by reducing a risk of the healthcare practice not receiving a predetermined reimbursement amount for ancillary medical costs from the insurance network (Col.5, lines 34-67 to Col.6, line 26); modifying behavior of at least one of the plurality of physicians in the healthcare practice for management of the ancillary medical costs (See Khorasani, Col.5, lines 34-67 to Col.6, line 26); and distributing predetermined percentages of savings attributed to the modifying behavior of the plurality of physicians' ancillary medical cost management (See Khorasani, Col.5, lines 34-67 to Col.6, line 1-26).

Javors, Glass and Khorasani do not explicitly disclose gathering data in tangible computer medium from each of the plurality of physicians in the healthcare practice participating in the insurance network regarding management of ancillary medical costs.

However this feature is well known in the art, as evidenced by Dang. In particular, Dang teaches gathering data in tangible computer medium from each of the plurality of physicians in the healthcare practice participating in the insurance network regarding management of ancillary medical costs (See Dang, Col.10, lines 50-67 to Col.11, line 18).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Dang within the combined teachings of Javors, Glass and Khorasani with the motivation of providing ancillary records which represent services which are incidental to the direct evaluation, management and treatment of the

patient. Examples of ancillary records include X-ray and laboratory tests (See Dang, Col.7, lines 12-15).

(B) As per claim 2, Javors discloses the method wherein the step of distributing the predetermined percentages of the savings includes dividing the savings into selected percentages between at least two of the healthcare consultation group, the healthcare practice, and the insurance network and distributing the savings to the at least two of the healthcare consultation group, the healthcare practice and the insurance network base on the selected percentages (Page 6, Paragraph 0087-0101).

(C) As per claim 3, Javors discloses the method further comprising collecting the step of collecting no fee by the healthcare consultation group if the healthcare practice does not reduce the ancillary medical costs to the preselected level over the predetermined period of time (Page 2, Paragraph 0031-0034).

(D) As per claim 4, Javors discloses the method wherein each of the respective predetermined percentages of savings distributed to the healthcare consultation group and the healthcare practice are greater than the predetermined percentage of the savings distributed to the insurance network (Page 3, Paragraph 0050-0055), and wherein the step of funding the incentive pool includes the healthcare consultation group funding the incentive pool (Page 4, Paragraphs 0056-0064).

(E) As per claim 5, Javors discloses the method further comprising the step of providing a billing fee structure from the healthcare consultation group wherein the savings are calculated by subtracting current ancillary medical costs from predetermined baseline ancillary medical costs (Page 5, Paragraph 0072-0076).

(F) As per claim 6, Javors discloses the method further comprising the step of calculating the billing fee structure for the healthcare consultation group by multiplying a predetermined percentage of the savings by the number of patients participating in the healthcare practice (Page 6, Paragraph 0084-0086; Page 7, Paragraph 0098-0101).

(G) As per claim 7, Javors discloses the method wherein the ancillary medical costs include any costs taken from the group of pharmacy, radiology, laboratory, anesthesiology, occupational therapy, physical therapy, speech therapy, therapeutic radiology, operating room, or emergency room costs (Page10, Paragraph 0174-0186).

(H) As per claim 8, Javors discloses a method of collecting fees for managing a plurality of physicians in a healthcare practice participating in an insurance network (Abstract, lines 1-16; Page 1, Paragraph 0014-0016), the method comprising the steps of: funding an incentive pool (See Javors, Page 10, Paragraph 0168-0176); establishing a plan to pay funds from the funded incentive pool to the healthcare practice participating in the insurance network if the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a

preselected period of time (See Glass, Pages 42-44, Paragraphs 47-52 and table on page 43). The Examiner considers General Surgeons' base salary to be paid annually (read on "preselected period of time"); see paragraph 50 of Glass. In addition, bonuses and incentives are credited to surgeons on an annual basis where there are positive differences, whereas negative differences would result in either a payback or future reduction in the physician's compensation (See Paragraph 47 of Glass). It is respectfully submitted that a positive difference is a form of costs not decreased to a preselected level, and when considered annually, over a preselected period of time; modifying behavior of at least one of the plurality of physicians in the healthcare practice for management of the ancillary medical costs responsive to the data gathered in the tangible computer medium (See Korasani, Col.5, lines 34-67 to Col.6, line 26); and distributing predetermined percentages of savings attributed to the modifying behavior of the plurality of physicians' ancillary medical cost management if the ancillary medical costs decrease to the preselected level over the preselected period of time (See Korasani, Col.5, lines 34-67 to Col.6, line 26).

Javors, Glass and Khorasani do not explicitly disclose gathering data in tangible computer medium from each of the plurality of physicians in the healthcare practice participating in the insurance network regarding management of ancillary medical costs.

However this feature is well known in the art, as evidenced by Dang. In particular, Dang teaches gathering data in tangible computer medium from each of the plurality of physicians in the healthcare practice participating in the insurance network

regarding management of ancillary medical costs (See Dang, Col.10, lines 50-67 to Col.11, line 18).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Dang within the combined teachings of Javors, Glass and Khorasani with the motivation of providing ancillary records which represent services which are incidental to the direct evaluation, management and treatment of the patient. Examples of ancillary records include X-ray and laboratory tests (See Dang, Col.7, lines 12-15).

(I) As per claim 9, Javors discloses the method wherein the step of funding the incentive pool includes the healthcare consultation group funding the incentive pool, wherein the modifying behavior of the plurality of physicians is responsive to recommendations of the healthcare consultation group, and the method further comprising the step of paying funds from the funded incentive pool only if the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a preselected period of time responsive to the modifying behavior (Page 2, Paragraph 0031-0034).

(J) As per claim 10, Javors discloses the method wherein the step of distributing the predetermined percentages of the savings includes dividing the savings into selected percentages between at least two of the healthcare consultation group, the healthcare

practice, and the insurance network base on the selected percentages (Page 6, Paragraph 0087-0101).

(K) As per claim 11, Javors discloses the method further comprising the steps of collecting no fee by the healthcare consultation group if the healthcare practice does not reduce the ancillary medical costs to the preselected level over the predetermined period of time and providing a billing fee structure from the healthcare consultation group wherein the savings are calculated by subtracting current ancillary costs from predetermined baseline ancillary medical costs (Page 2, Paragraph 0031-0034).

(L) As per claim 12, Javors discloses the method wherein each of the respective predetermined percentages of savings distributed to the healthcare consultation group and the healthcare practice are greater than the predetermined percentage of the savings distributed to the insurance network, and wherein the ancillary medical costs include any costs taken from the group of pharmacy, radiology, laboratory, anesthesiology, occupational therapy, physical therapy, speech therapy, therapeutic radiology, operating room, or emergency room costs (Page 3, Paragraph 0050-0055).

(M) As per claim 13, Javors discloses a method of collecting fees for managing and optimizing the profitability of an insurance network having a plurality of physicians in a healthcare practice participating therein (See Javors, Abstract, lines 1-16; Page 1, Paragraph 0014-0016), the method comprising the steps of: establishing a relationship

between a healthcare consultation group and the healthcare practice participating in the insurance network to reduce a risk of the healthcare practice not receiving a predetermined reimbursement amount for ancillary medical costs from the insurance network (See Khorasani, Col.5, lines 34-67 to Col.6, line 26); modifying behavior of at least one of the plurality of physicians in the healthcare practice for management of the ancillary medical costs (See Khorasani, Col.5, lines 34-67 to Col.6, line 26) responsive to the data gathered in a tangible computer medium; distributing predetermined percentages of savings attributed to the modifying behavior of the plurality of physicians' ancillary medical cost management to at least one of the insurance network and the healthcare management consultation group if the ancillary medical costs decrease to a preselected level over a preselected period of time behavior (See Glass, Pages 42-44, Paragraphs 47-52 and table on page 43). The Examiner considers General Surgeons' base salary to be paid annually (read on "preselected period of time"); see paragraph 50 of Glass. In addition, bonuses and incentives are credited to surgeons on an annual basis where there are positive differences, whereas negative differences would result in either a payback or future reduction in the physician's compensation (See Paragraph 47 of Glass). It is respectfully submitted that a positive difference is a form of costs not decreased to a preselected level, and when considered annually, over a preselected period of time.

The motivation for combining Javors, Glass and Khorasani is as given above in the rejection of claim 1, and incorporated herein.

Javors, Glass and Khorasani do not explicitly disclose gathering data in tangible computer medium from each of the plurality of physicians in the healthcare practice participating in the insurance network regarding management of ancillary medical costs.

However this feature is well known in the art, as evidenced by Dang. In particular, Dang teaches gathering data in tangible computer medium from each of the plurality of physicians in the healthcare practice participating in the insurance network regarding management of ancillary medical costs (See Dang, Col.10, lines 50-67 to Col.11, line 18).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Dang within the combined teachings of Javors, Glass and Khorasani with the motivation of providing ancillary records which represent services which are incidental to the direct evaluation, management and treatment of the patient. Examples of ancillary records include X-ray and laboratory tests (See Dang, Col.7, lines 12-15).

(N) As per claim 14, Javors discloses the method further comprising funding an incentive pool to be paid to the insurance network when the modified medical management practices do not decrease ancillary medical costs of the insurance network to a preselected level over a preselected period of time (The Examiner understands managed care companies had a strong focus on reducing the cost of medical care, mainly through restrictive measures. Employers were willing to accept these restrictions in return for reduced annual premiums as a form of do not decrease

ancillary medical costs to the preselected level over the preselected period of time (See Javors, Page1, Paragraphs 0014-0016).

(O) As per claim 15, Javors discloses the method wherein the step of distributing the predetermined percentages of the savings includes dividing the savings into selected percentages between at least two of the healthcare management consultation group, the healthcare practice, and the insurance network and distributing the savings to the at least two of the healthcare consultation group, the healthcare practice and the insurance network base on the selected percentages (Page 6, Paragraph 0087-0101).

(P) As per claim 16, Javors discloses the method further comprising the steps of collecting no fee by the healthcare consultation group if the insurance network does not decrease ancillary medical costs to the preselected level over the preselected period of time (The Examiner understands managed care companies had a strong focus on reducing the cost of medical care, mainly through restrictive measures. Employers were willing to accept these restrictions in return for reduced annual premiums as a form of does not decrease ancillary medical costs to the preselected level over the preselected period of time (See Javors, Page1, Paragraphs 0014-0016).

(Q) As per claim 17, Javors discloses the method wherein each of the respective predetermined percentages of savings distributed to the healthcare consultation group and the insurance network are greater than the predetermined percentage of the

savings distributed to the healthcare practice (Page 6, Paragraph 0084-0086; Page 7, Paragraph 0098-0101).

(R) As per claim 18, Javors discloses the method further comprising the step of providing a billing fee structure from the healthcare consultation group wherein the savings are calculated by subtracting current ancillary medical costs from predetermined ancillary medical costs (Page 5, Paragraphs 0072-0176; Page 10, Paragraph 0174-0176).

(S) As per claim 19, Javors discloses the method further comprising the step of calculating the billing fee structure for the healthcare consultation group by multiplying a predetermined percentage of the savings by the number of patients participating in the healthcare practice (Page 7, Paragraph 0110-0115).

(T) As per claim 20, Javors discloses the method wherein the ancillary medical costs include any costs taken from the group of pharmacy, radiology, laboratory, anesthesiology, occupational therapy, physical therapy, speech therapy, therapeutic radiology, operating room, or emergency room costs (Page 10, Paragraph 0174-0188).

Response to Arguments

4. Applicant's arguments with filed on 02/28/05 with respect to claims 1-20 have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

5. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. The cited but not applied teaches method and system for measuring management effectiveness (5,365,425) and Aligning physician financial incentives in a mixed-payment environment by David W. Young, Sheila M. McCarthy (Healthcare Financial Management; Westchester :Oct. 2000; Vol.54; Iss.10; pg 46; pages 1-10).

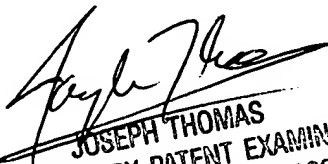
Any inquiry concerning this communication or earlier communications from the examiner should be directed to Vanel Frenel whose telephone number is 571-272-6769. The examiner can normally be reached on Monday-Thursday from 6:30 am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas can be reached on 571-272-6776. The fax phone numbers for the organization where this application or proceeding is assigned are 703-305-7687 for regular communications and 703-305-7687 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

V.F
V.F

May 12, 2005


JOSEPH THOMAS
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3000